

Nationwide 457 Plan Quarterly Newsletter

Burgess Chambers & Associates (BCA)

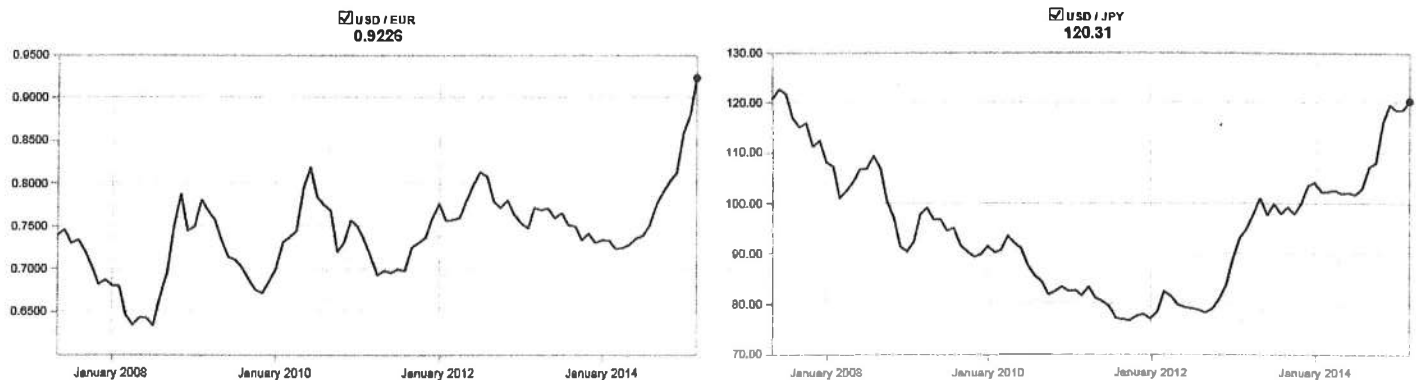
BCA is the City of Hialeah Deferred Compensation Plan Consultant and Investment Performance Monitor

BCA Market Perspective ©

Impact of a Strong U.S. Dollar

April 2015

The U.S. dollar has appreciated 25% against the euro since early 2014 and 45% to the yen since early 2012. The last time the dollar began this magnitude of strengthening in such a short period of time was during the early 1980s when the Federal Reserve, under Paul Volcker, began an aggressive anti-inflation policy of raising borrowing costs. Is a strengthening dollar good or bad policy? The answer depends on your perspective.



The strong dollar means that U.S. imports cost less to consumers, businesses and manufacturers. Oil, cars, trucks, tractors, clothing, electronics, and durable goods cost less. There is a wealth effect – which encourages more spending and consumption. This cycle leads to a worldwide glut of U.S. dollars that eventually leads to its weakening.

3. multinational corporations have already reported the strong dollar hurting sales. German export manufacturers reported strong sales growth in February and March.

Why would the Federal Reserve (FOMC) elect to raise policy interest rates during the summer or fall of 2015? This measure of tightening would risk moving the U.S. economy into a slower growth profile and perhaps a recession in 2016. Accordingly, it appears more likely, given the above, that the Fed will delay any meaningful policy to raise interest rates.

Disadvantages of a Strong Dollar

- Decreases U.S. exports – cuts revenues and market share
- U.S. firms can't raise local prices
- Fewer foreign tourists visit the U.S.
- Less direct investment by foreign investors
- Fewer foreign companies outsource facilities to the U.S.
- U.S. manufacturers move offshore (again)

Advantages of a Strong Dollar

- Lower import prices contribute to lower inflation
- Consumer wealth effect
- Cost to travel abroad decreases
- Foreign ownership (and influence) of U.S. assets decreases

Currency source: www.oanda.com

Disclosure: All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Content should not be regarded as a complete analysis of the subjects discussed or as personalized investment advice. All investment strategies have the potential for profit or loss. References to market performance in publications do not represent the returns achieved by Burgess Chambers & Associates or any of its advisory clients.

NATIONWIDE PERFORMANCE SUMMARY

Below you will find information relating to funds in the Hialeah Deferred Compensation Plan that have been placed on a watch list by our consultant, BCA. This is not a recommendation to buy or sell any funds, but an indication that BCA has identified these funds as those that are not meeting their specific performance expectations over the last 3 to 5 years, and/or experienced material management changes. This performance information shows the returns versus a benchmark index as well as a ranking against similarly managed funds. The City will continue to monitor these funds closely and will consider changes to the managers or adding additional fund options as recommended by BCA and Nationwide. For information on all of the available investment options plus additional information on your Plan, please contact **Ana Aguirre, Nationwide Retirement Specialist. Phone: (786) 506-2944 or email: Aguirra4@nationwide.com.**

BCA would recommend consulting with a personal advisor before making any investment decisions or you are encouraged to schedule an appointment with your Nationwide Retirement Specialist when they visit the various locations. In addition, the City encourages your attendance at any of the numerous City sponsored educational and retirement planning sessions held throughout the year.

Group/Investment	Quarter		1 Year		3 Years		5 Years	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Portfolio Holdings								
US OE Large Blend								
Dreyfus Appreciation Investor	-0.15	84	7.46	83	9.63	96	11.45	81
Benchmark 1: Russell 1000 TR USD	1.59		12.73		16.45		14.73	
US OE Large Growth								
American Century Growth Inv	3.27	50	13.26	50	13.45	80	13.52	61
NVIT Multi-Manager Large Cap Growth I	3.13	62	13.80	56	15.19	63	14.02	54
T. Rowe Price Growth Stock Adv	5.97	8	16.56	20	16.77	20	15.96	13
Benchmark 1: Russell 1000 Growth TR USD	3.84		16.09		16.34		15.63	
US OE Large Value								
American Century Value Inv	-0.59	73	8.91	37	15.17	38	12.86	41
Benchmark 1: Russell 1000 Value TR USD	-0.72		9.33		16.44		13.75	
US OE Mid-Cap Growth								
Neuberger Berman Genesis Tr	4.27	73	5.31	91	13.55	70	13.55	68
Benchmark 1: Russell Mid Cap Growth TR USD	5.38		15.56		17.41		16.43	
US OE Small Growth								
Brown Capital Mgmt Small Co Inv	4.75	72	9.59	40	18.47	12	17.71	14
NVIT Multi-Manager Small Company I	3.84	91	4.31	87	15.18	62	13.61	84
Benchmark 1: Russell 2000 Growth TR USD	6.63		12.06		17.74		16.58	
US OE Foreign Large Blend								
MFS® International Value R3	6.60	8	6.96	3	13.49	3	10.92	2
Benchmark 1: MSCI ACWI Ex USA NR USD	3.49		-1.01		6.40		4.82	
US OE Short Government								
Federated US Govt 2-5 Yr Instl	1.11	7	1.92	24	0.26	66	1.79	24
Benchmark 1: Barclays US Govt 3-5 Yr TR USD	1.51		3.28		1.61		3.00	
US OE Intermediate-Term Bond								
Nationwide Bond Index A Load Waived	1.51	58	5.25	40	2.48	84	3.79	84
PIMCO Total Return A Load Waived	2.12	7	5.23	41	3.63	43	4.56	55
Benchmark 1: Barclays US Agg Bond TR USD	1.61		5.72		3.10		4.41	
US OE High Yield Bond								
Waddell & Reed High-Income Y	1.88	78	0.71	59	8.80	4	10.00	1
Benchmark 1: Barclays US Corporate High Yield TR U	2.52		2.00		7.46		8.59	

*Yellow highlights are for underperformance in the 3 & 5 Year periods, Orange is for significant changes in the fund.

FREQUENTLY ASKED INVESTMENT QUESTIONS

Q: What is Dollar Cost Averaging?

A: Dollar Cost Averaging (DCA) is a strategy for purchasing investments that can help investors minimize the risk of investing a large amount of money in a single investment at the wrong time. Timing the market is impossible for even the most seasoned of investors. DCA helps to reduce the risk that an investor will buy at the top, when an investment is most expensive. DCA is a simple technique where an investor spreads out their investment in a single security/mutual fund over a period of time with a series of fixed amounts. For example, an investor has \$300 to invest in ABC. The decision is whether to buy \$300 of ABC right away or to purchase \$100 worth of ABC each day for three days. Day 1 ABC is worth \$33, Day 2 ABC is worth \$25, and Day 3 ABC is worth \$20. Spending \$300 on Day 1, the investor would have bought at the most expensive price and only received 9 shares. Spreading the investment over three days the investor would have received three shares Day 1, four shares Day 2, and five shares Day 3 for a total of 12 shares. That means by utilizing DCA the investor would own 12 shares as opposed to 9 shares for the exact same cost of \$300.

Q: What is volatility?

A: Volatility in investments refers to the risk of large price swings in an investment over a short period of time. A higher volatility carries a large uncertainty or risk about the potential size of changes in a security/mutual fund's value. A lower volatility means that a security/mutual fund's value shows more stability and does not fluctuate dramatically, but changes in value at a steady pace over a period of time. Stocks tend to have a higher volatility than bonds.

HIALEAH FINANCIAL PLANNING EDUCATION PROGRAM

The City offers an expanded financial planning education program for new member enrollment and ongoing participant education as part of Hialeah's Financial Planning Initiatives. The City schedules quarterly meetings, group classes, individual counseling, and online webinars. Please visit the Employees tab on the City's website (www.hialeahfl.gov).